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United States Department of Agriculture
Federal Extension Service
Washington 25, D. C.

Statement of the Extension Task Force Committee on Marketing 1/

SUMMARY

With food marketing services costing 24 billion dollars a year, efficiency has become imperative. That is more than the farmer receives for producing the products marketed. With more to sell, progress in packaging and handling, dispersed wholesale markets, fewer retail stores and consumers demanding many services formerly done in the home or on the farm, 58% more people are employed in marketing than 20 years ago.

Involved are a million firms, 10 million workers, 5 million farmers, and 160 million consumers.

Educational work to help farmers understand market demands, consumer preference and make decisions on what to grow in line with demand is a part of on-farm assistance. While work with farmers must be continued and expanded, the greatest opportunity for marketing work lies in educational work with handlers, processors and consumers.

Marketing educational work must be on a long-term basis, and approached from a problem standpoint. Research, technical know-how of many subject matter departments, extension agents and industry needs to be brought together in terms of area and trade problems by the Extension director or someone responsible directly to him.

In some States realignment of personnel will help but additional personnel will be needed.

Necessity for reaching large audiences, often speedily, demands fullest use of press, radio, TV and other mass communications and of visual aids and showmanship.

Objective measures must be planned and progress measured against benchmark beginnings.

Introduction

The Task Force Committee on Marketing was appointed primarily to systematically and methodically think through the areas that should be considered in developing and conducting a long-range educational program in marketing and to reflect the thinking of the staff of the Federal Extension Service.

Although it is hoped that the efforts of the Task Force will be of some value and assistance to professional workers of the various States and Territories, its primary purpose is to be of assistance to Federal Extension Service personnel by establishing a common denominator for educational work relating to marketing.

Trends

During the past few years changes in the market organization and structure have taken place at a rapid rate. In striving for further efficiency we can note the development of corporate chains that have integrated the functions of centralized and specialized buying, transporting, storing, and distributing to retail units with resulting efficiencies and lowering costs, resulting in increased volume movement and lower margins.

1/ Developed by a committee representing all Divisions in the Federal Extension Service.

In the past few years independent business operators in the wholesale and retail food fields have incorporated similar management methods and handling efficiencies that have maintained a competitive balance in the food distribution field. For example, reliable sources indicate there are presently about 200 retailer-owned cooperative wholesale establishments that have lowered costs and increased efficiency by centralized procurement methods that are geared to anticipated sales. The net result of these changes has been a dispersion of wholesale market facilities on a trade area pattern, a reduction in the number of retail stores, and a smaller number of buyers for agricultural products.

With these changes, adjustments have also been made in handling practices. For example, lemons traditionally overwrapped and packed in Bruce boxes weighing about 79 pounds, are now packed at shipping point in smaller, more easily handled paperboard containers by jumbled pack methods. Lettuce, formerly packed in bulky wooden containers, is now field packed and vacuum cooled for shipment in only a fraction of the time formerly needed. Improved technology in the handling and packaging of a wider variety of farm products has made it possible to further increase the effectiveness and efficiency of marketing farm products.

Specialization in production has served to further isolate individual farmers from the market place, yet the chain of distribution is constantly shortening through business integration and technical developments. In many areas, however, the farm marketing practices and methods have not kept pace with the adjustments occurring in the market place. Growers in many areas are still following traditional practices of marketing that were efficient and logical a quarter of a century ago rather than adjusting to changing conditions. These changes call for continuing investigation and familiarity by extension people with conditions and situations beyond the farm. The facilities, equipment, and degree of training of market place personnel, together with the newer demands of consumers, certainly must be appraised and evaluated if real efficiency rather than an uneconomic transfer of costs and responsibilities is to take place. Agriculture, through its leaders and its public agencies, needs to be better informed regarding conditions and possibilities for improved efficiency in the market place if those necessary or desirable adjustments are to be made in a reasonable period of time in agricultural marketing practices.

Importance of the Marketing Job

At the present time about 1 million firms employing roughly 10 million workers are engaged in marketing products of farm origin. Many of the 5 million farmers in the United States also perform some function and services classified as marketing. Also involved, of course, are 160 million consumers. The costs of marketing food products amounts to about 24 billion dollars annually compared with approximately 20 billion dollars going to farmers.

For many years there has been a trend both on the part of producers and consumers to demand more marketing services. During the past twenty years, for example, the number of persons employed in marketing of farm produced food products increased from 3.1 to 4.9 million people, or about 58 percent. In 1953, about 60 percent were workers in retail food stores and eating places, 25 percent in processing plants, and 15 percent in wholesaling, local assembling enterprises and transportation. Of those engaged in retail food stores and eating places, about 60 percent were in retail stores.

Part of the increase in marketing labor force has been due to the increase in volume marketed and the reduction in hours worked per week. Farm marketings have increased 60 percent since 1929. Average hours worked per week in food marketing were reduced from 42.5 in 1939 to 40.3 in 1953.

Of significance also has been the increase in processing, packaging, and other marketing services, transferring functions from the home and farm to marketing firms and organizations.

Costs involved in processing, storage, transportation, wholesaling, retailing and other marketing services now amount to more than half of the consumer's total food bill. With the increase in marketing services being demanded, it is imperative that the utmost efficiency be realized.

How and Where Should Educational Work in Marketing be Conducted

Marketing and production are in many respects closely related, yet they are two separate functions. In the expansion of extension marketing programs, primary consideration should be given to work with handlers, processors, or organizations who move products from the farm to the consumer, and with consumers.

It is very important that producers and others concerned with production problems develop a knowledge and appreciation of marketing problems and that demands in the market place receive utmost attention in planning crop and livestock production. Educational work aimed at encouraging grower consideration of market acceptance and consumer preference, as well as activities which can guide farmers in their decisions regarding acreages of specific crops to grow, or livestock to produce, is a part of production work. The necessity for close working relationship between personnel concerned with on-farm assistance and marketing work with handlers, processors, and consumers is recognized, if effective programs are to be organized.

While educational work in marketing with farmers should be continued, and expanded in many areas, it must be recognized that the greatest opportunities for achieving significant marketing changes can be realized in working with handlers, processors, and consumers. Marketing costs involving functions such as assembling, transportation, wholesaling, jobbing, and retailing, represent about 70¢ out of the dollar spent for fruits and vegetables and the opportunities for reduction of spoilage losses and improved handling methods are immense. While marketing costs make up a smaller share of the consumer's dollar for certain other commodity groups, they are nevertheless important. About 50¢ of the consumer's dollar for milk was for marketing costs in 1953, compared with 37¢ for meats, 31¢ for poultry, and 78¢ for grain products.

Extension must approach marketing education from the standpoint of marketing problems as such, rather than from the organization of subject matter departments in the colleges. The technological aspects of marketing problems should receive attention as well as the economics of marketing problems. For example, the engineer can help improve market layout, use of facilities, together with handling and work methods; while the food technologist can provide assistance that improve processing techniques and product quality. The biologist, too, has great opportunities to aid in quality preservation, together with entomologists who can contribute at all levels of distribution in reducing losses and maintaining sanitary conditions.

It is recognized that educational work in marketing must be approached on a long-term basis as with other Extension programs. This emphasizes the need for and opportunity through educating our 4-H club members and young men and women. The contributions that 4-H Club programs can make toward helping to solve the marketing problems of producers are many and varied. But of perhaps even more importance in the future, are programs aimed at helping to develop better understanding of processing, distribution and consumer demands by youth.

This is especially significant since about half of the young people reached by 4-H Club work will find employment off-the-farm, including the marketing trade. The ever increasing demands for work with rural non-farm and urban young people also emphasizes the importance of this work.

Position of Extension to do Educational Work in Marketing

Extension's success in working with people has been well established and recognized. With this background and current experience in carrying on marketing programs of one type or another in every State, Extension can meet the challenge and opportunity of developing a greatly expanded program in marketing.

Educational work in marketing, like that in other fields, deals essentially with helping people adopt improved practices and methods as well as develop skills and change attitudes. From the beginning, Extension has carried on educational work with handlers, although the program was rather limited in most areas until passage of the Agricultural Marketing Act of 1946. Since the passage of this act, Extension has developed a number of marketing projects which have been very successful, but funds have not been available to permit the development of an effective, overall marketing educational program.

The demand for on-farm assistance has been so great that it has not been possible to make major shifts in programs to include more marketing work. With additional funds and personnel, it should be possible to develop more comprehensive programs, bringing to bear training and experience of the physical and applied sciences as well as economics. Thus, it should be possible to develop programs in which emphasis would be placed on the problem approach rather than dealing with parts of problems of concern to one or possibly two disciplines or subject-matter fields.

Extension currently has a core of well-trained and experienced specialists who can give guidance to an enlarged marketing program. In recent years, many county Extension agents have taken graduate work that should equip them to take an active part in future marketing programs. Graduate schools have turned out an increasingly greater number of students in recent years. In new areas where little formal training is available, the trade is demonstrating its ability and desire to help Extension develop training programs for new personnel. This area shows great promise.

Many county extension agents have had some experience in doing educational work with handlers and consumers. With additional personnel available for them and sufficient administrative support, one may reasonably expect expanded marketing programs at the county level. On the staff of specialists in our colleges are engineers, biologists, and economists whose background of training has equipped them to work on the facets of many marketing problems. In some States, realignment of programs may result in some specialists devoting more time to work in marketing. In most States, however, employment of additional personnel will be necessary to take major responsibility for carrying on increased marketing educational work.

Organizing and Administering Programs

Unquestionably, reorganization of marketing programs will be needed in many States. Administrative support and direction must be given to the work.

In reorganizing the work, recognition must be given to the fact that educational work in marketing encompasses several subject-matter fields, and that responsibility for development of extension marketing programs rests with the Director. In order to obtain coordination in many States it may be necessary to assign responsibility for the development of programs and their operation to one person responsible to the director. ^{1/} It will usually be necessary for the State director, or a designee, to organize comprehensive programs, bringing together the technical skills and know-how of specialists in fields of work concerned. It must be further recognized that demands of those presently concerned with on-farm assistance are, in most instances, great and that they cannot be expected to carry on an expanded marketing education program in addition to their regular duties. Where different teams or groups are concerned with on-farm assistance and marketing work beyond the farm, there must be liaison between these groups in order to develop an understanding of the problems of each group.

As our marketing programs are expanded, more attention must be given to concentration on specific problem areas. The approach will depend on the local situation and the personnel involved. Success in working with representatives of marketing firms and organizations will depend on technical skills, the ability of extension workers to develop an appreciation for problems of the trade and the practical application that can be made of technical know-how. In many cases, this will involve locating personnel close to the problems, as we have them with farm people. This may call for locating specialists or marketing agents in many of the large cities or terminal markets.

Communications

The Cooperative Extension Service, in enlarging and intensifying its work in marketing, faces a communications problem of the first magnitude. Extension's audience is vastly enlarged. It includes millions of people we have not worked with before or with whom we have worked with only on a small scale. We need to analyze and develop our public relations, our training of personnel in the use of mass communications, and our teaching methods, in the light of the many specific audiences which make up our total marketing audience. Communications are an integral part of marketing. In the business world communications are used with precision and showmanship. As educators we need to adapt to our use the visual aids, showmanship and other techniques and methods business has found successful in marketing work. In view of the size of the marketing audience and the necessity for speedy communications, it is evident that we will have to use press, radio, television, and other mass communications on a steady increasing scale in many of our marketing educational efforts.

Measurement of Results

Some systematic means of measuring accomplishments should be included as an integral part of all marketing programs. Objective measurements can be made in terms of specific objectives such as changes in attitudes, improved methods and practices adopted or reduced costs.

^{1/} See Report of the Extension Administrative Conference on Expanding Marketing Programs, Chicago, Illinois, May 21-27, 1954, Federal Extension Service, USDA, Washington 25, D. C.

When new programs are developed a benchmark should be established through surveys, available records, or other means of establishing the existing situations as it affects marketing of the products concerned. Measurement of changes should be made from time to time to determine progress of the work and accomplishments being realized.

For programs which have been in operations for some time, and for which no benchmarks have been established, a review of records of the work and some determination of changes which have taken place as a result of the work may be used to determine progress. Benchmarks should be established at this point to measure future progress.

Evidence of progress being realized is important to individuals directly concerned with the work and provides a basis for reporting to all concerned.

Some Types of Extension Marketing Work in the Counties or Areas

1. Consumer Marketing Information. In this type of work consumers, producers, and others should be informed concerning situations, practices, problems and costs involved in the production and marketing of various commodities as well as availability, home care, use, price, and other information about products available in local markets. This work could be done largely through regular radio and television programs and news releases and feature articles. Mass meetings could also serve as a means of disseminating this information.

Programs for consumers must be planned and conducted with their special interests in mind. On the average, one fourth of the family living expenditures goes for food. The need for consumer education is emphasized by the fact that in a nation of relatively high income and a plentiful supply of food many people are not well nourished. As an example, calcium shortage is a fairly common nutritive problem even in times of a surplus supply of milk.

The health and well being of the family depends to a large extent upon getting the most food value for each dollar spent. Food shopping is a highly complex job with many changing aspects. Consumers want assistance. A well planned consumer education program benefits both the consumer, the producer and the handler.

2. Demonstrations of marketing practices with shippers, processors, etc. Improved practices based on research and experience can be demonstrated. For example, changes in types of containers for certain vegetables has been made through demonstrations which have been initiated by county workers. County agents in Alabama in working with the local retailers and farmers have made significant improvements in the marketing of eggs. In this way gains have accrued to the farmer, the retailer, and to the community as a whole.

3. Analyzing community position with regard to location of new firms. Before locating new plants, business organizations often go to land-grant colleges to obtain information concerning potential production areas, labor supply, tax structure and costs and services essential for this operation. County workers are in an excellent position to analyze the local situation with regard to competitive industries, labor, and other elements important in determining location.

4. Educational work in public affairs pertaining to marketing. Such work is needed in developing public understanding of marketing agreements and orders and other legislation and policies of the Government pertaining to the marketing of agricultural commodities. The county extension agent is in an excellent position to disseminate such information to farmers, shippers, and others in his particular locality.

5. Providing information on supplies to buyers in other areas. Agents in many areas of the country are currently doing work in this area. Information on supplies of feeder cattle, for example, is supplied to other areas needing feed lot cattle. Truckers and other buyers are supplied information concerning the availability of fruits and vegetables.
6. Providing information on market demands and consumer preferences to producers. This area of work is important in helping growers to adjust to changing consumer preferences and market demands. This involves items such as changes in acceptance of various varieties of crops and changing practices such as new or different types of containers, methods of refrigeration, etc.
7. Analyzing and interpreting crop reports in terms of the local situation. Valuable assistance can be given to producers, market operators, and consumers at the county level by analyzing prospective crop reports and current inventories to estimate volume to be available on the market from the immediate area as well as competing areas.

Areas or Types of Marketing Work of State Specialists.

1. Provide technical assistance in program leadership to county personnel on local marketing problems. This involves helping county agents analyze and conduct educational programs aimed at the solution of marketing problems as well as fit local marketing programs into regional, State, and national programs where applicable.
2. Work with State, area organization, and other groups on development of practical programs that supplement or complement existing programs. This involves work with organizations such as cooperatives, meat packers, store representatives and others who operate over large areas within a State in an effort to obtain concerted action on marketing problems for areas broader than the county unit. This, too, involves work with these groups in helping them analyze specific marketing problems, and develop educational programs.
3. Conduct meetings and training sessions with county personnel and other agencies to stimulate interest in and focus attention on marketing problems. This involves holding county, regional, or State-wide meetings or seminars to discuss specific marketing problems with county agents and representatives of other agencies or organizations concerned in an effort to develop interest as well as obtain concerted action.
4. Conduct demonstrations on the use of new or improved technology. Considerable progress is being made in this area, particularly through the adoption of improved practices. Marketing specialists in many of the States have conducted demonstrations with firms and organizations emphasizing use of improved practices such as the installation of improved storage and refrigeration equipment, new types of containers, improved packaging techniques, etc.
5. Provide consultant service to county committees, marketing firms and organizations. Marketing specialists consult with county commodity or marketing committees and marketing firms and organizations within the various States on current marketing problems needing attention. Such problems as changes in marketing practices, grower-dealer or processor relationships, location of new processing plants, changes in marketing structure, etc., receive attention.

6. Cooperates with other State and Federal agencies dealing with the solution of national and regional problems. State specialists cooperate with various agencies of the Department of Agriculture in working on specific marketing programs or problems. Work on livestock marketing, grain marketing, grain storage, and consumer education are typical of this work.
7. Cooperate with other State extension workers in encouraging attention to marketing problems on the part of various Extension groups in the States. This would include home demonstration clubs, 4-H clubs, YMW groups, community organization and other groups through which an educational marketing job may be done.
8. State specialists may serve in a liaison capacity with industry to bring back problems needing attention by research workers. Extension specialists are in an excellent position to evaluate problems on which research should be conducted because of their continuous contacts with industry.

Types of Work of Federal Office Personnel

1. Work with State administrators and specialists in the development of programs aimed at solving local, regional, or national problems. This sometimes involves assistance in analyzing local problems or obtaining concerted action from several States on regional or national problems. Work on grain storage and livestock marketing serve as examples of this area of work.
2. Provides leadership in the development of work in new areas or fields. Personnel of the Federal office are called upon frequently by administrators and specialists in the State extension services to review the possibilities of the development of work areas such as consumer and wholesaler-retailer education and to prepare projects. Training programs, techniques and materials are provided. Assistance is given in the development of liaison with business firms and others.
3. Develops and maintains liaison between Extension Services and national marketing firms and governmental organizations. In each area of work representatives of the Federal office work with national marketing firms and organizations on specific problems needing attention. Representatives of these firms and organizations often consult with Federal office personnel concerning possible cooperation with State Extension Services and the Federal office in their programs.
4. Provides program leadership to State personnel. Federal office personnel work with State administrators, programs leaders and specialists on developing marketing programs in the various areas of work. This involves the development of well-rounded programs giving full consideration to the problems involved in the State and bringing to bear the know-how of Federal office personnel and the experiences of other States in the organization and conduct of similar or related programs.
5. Develops methods for applying subject matter materials to educational programs and supplies sources of information to enable State specialists to keep abreast of the current situation and utilize their time most efficiently. Publications or newsletters are prepared to keep State specialists abreast of new developments in the various fields, to analyze national or regional changes in the situation as they affect State programs and to keep State specialists informed about research developments and other information issued by industry, government, or other States which might be of value in State programs.

6. Conducts demonstrations of new techniques, methods and materials being utilized by other specialists or marketing organizations that have been proven to be practical.

7. Reports on accomplishments of extension marketing programs. Reports are prepared for administrators to use in keeping legislators and the public informed about extension developments, accomplishments of extension programs and to inform State personnel of the accomplishments of the extension program as a whole.

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